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# **Tobin & Co.**

Peninsula Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended March 31, 2007

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>Peninsula Township</b>	County <b>Grand Traverse</b>
Fiscal Year End <b>3/31/07</b>	Opinion Date <b>9/7/07</b>	Date Audit Report Submitted to State <b>9/11/07</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

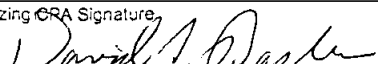
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES NO** Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) <b>Tobin &amp; Co., P.C.</b>		Telephone Number <b>231-947-0151</b>		
Street Address <b>400 E. Eighth St.</b>		City <b>Traverse City</b>	State <b>MI</b>	Zip <b>49686</b>
Authorizing CRA Signature 		Printed Name <b>DAVID L. BASLER</b>		License Number <b>1101013418</b>

# Tobin & Co.

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# **Tobin & Co.**

## INTRODUCTORY SECTION

# **Tobin & Co.**

## Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Peninsula Township, Grand Traverse County, for the year ended March 31, 2007 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Peninsula Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

### General

Your present Clerk, Treasurer and Deputies maintain receipts journals, disbursements journals, general ledgers and account books prescribed in the Uniform Accounting Procedures developed by the State Department of Treasury. These records were well maintained. In a separate management letter we have addressed accounting records matters which came to our attention and recommended steps to address these matters. Comments and recommendations regarding items other than the accounting records themselves are as follows:

### Budgets and Procedures

The required budgets were prepared for the General Fund and Special Revenue Funds. It appears certain cost center budgets for these funds were not amended prior to authorization to expend over and above the original budget amounts. See Note 2 of the notes to the financial statements.

### General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance increased by \$52,808 from the prior year and totaled \$451,545 at March 31, 2007.

### Governmental Funds

#### Fire Fund

This fund, presented on Schedule 2, is used to account for the special voted tax levy for Township fire protection. Revenues consisted principally of property taxes of \$437,673 and earned interest of \$20,680. Expenditures were \$500,660. The fund balance at March 31, 2007 was \$427,434.

#### Purchase of Development Rights Fund

This fund, presented in Schedule 3, is used to account for a special voted tax levy for the purchase of development rights. Revenues consisted of property taxes of \$903,028, and earned interest of \$289,519. Expenses consisted principally of the purchase of development rights and debt service. In addition, net loan proceeds of \$480,000 were received, and a transfer of \$386,000 was made to a debt service fund for the payment of installment contracts.

### Non-major Governmental Funds

Non-major governmental funds balance sheets and revenue and expenditures statements are presented in Schedules 4 through 15.

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# **Tobin & Co.**

## Comments and Recommendations

### Proprietary/Enterprise Funds

The Tower, Sewer, and Water Funds are major funds, while the Compactor Station Fund is non-major. These funds are presented on pages 16, 17, and 18. Principally all revenues come from service users or lessees by way of fees, rents and special assessments. All funds had positive net assets at March 31, 2007.

### Property Tax Collections

The collection and distribution of the 2006 tax levy was well handled by the Township Treasurer. Paid receipts were filed in order of payment. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements.

See Schedule 16 for a summary of the 2006 tax levy and collections.

### Payroll Procedures

The Clerk maintains required payroll records. Payroll withholdings were promptly remitted to various agencies and required reports were properly prepared. It appears that Forms W-2 and/or 1099 were properly utilized.

### Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, errors and omissions, workmen's compensation, equipment and crime coverage. Records indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, and their deputies, as well as the Supervisor, have surety bond coverage. There is also a blanket bond covering all employees.

### Other Data

After completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

# Tobin & Co.

## REPORT OF INDEPENDENT AUDITOR

To the Township Board  
Peninsula Township  
Grand Traverse County  
Traverse City, Michigan 49686

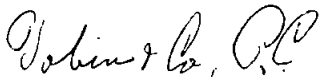
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peninsula Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Peninsula Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peninsula Township as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 8 through 11 and 39 through 47, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Peninsula Township's basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.  
Certified Public Accountants  
September 7, 2007



# **Tobin & Co.**

## **Peninsula Township Management Discussion and Analysis Letter**

As the Township Board of the Peninsula Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Peninsula Township for the fiscal year ended March 31, 2007.

### **Financial Highlights**

The assets of Peninsula Township exceeded its liabilities at the close of the most recent fiscal year by \$11,964,133. Of this amount, \$9,107,001 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$6,969,482, a decrease of \$801,208 in comparison with the prior year. Approximately ninety-seven percent of the total amount, \$6,792,755, is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$451,545, or fifty-six percent of total general fund expenditures.

The Township's total long-term debt decreased by \$229,958, or two percent, during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Peninsula Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township include: general government, public safety, purchase of development rights, and recreation. The business-type activities of the Township include tower rental, sewer and water systems, and sanitation services.

The government-wide financial statements can be found on pages 12 and 13 of this report.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Peninsula Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Peninsula Township maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Purchase of Development Rights Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund, special revenue funds, and debt service funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

**Proprietary funds:** Peninsula Township maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its tower rental, water and sewer, and compactor station activities.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 19 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 29 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Peninsula Township, assets exceeded liabilities by \$11,964,133 at the close of the most recent fiscal year.

Twenty-two percent of the Township's net assets reflect its investment in capital assets such as development rights, land, buildings, machinery, and equipment, less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Township's Net Assets					
	Governmental Activities	2006-2007 Business-Type Activities	Total	Governmental Activities	2005-2006 Business-Type Activities	Total
Current and Other Assets	\$ 7,033,137	\$ 2,398,012	\$ 9,431,149	\$ 7,830,809	\$ 2,715,307	\$ 10,546,116
Capital Assets	<u>11,620,765</u>	<u>5,016,730</u>	<u>16,637,495</u>	<u>9,870,891</u>	<u>4,913,361</u>	<u>14,784,252</u>
Total Assets	<u>\$ 18,653,902</u>	<u>\$ 7,414,742</u>	<u>\$ 26,068,644</u>	<u>\$ 17,701,700</u>	<u>\$ 7,628,668</u>	<u>\$ 25,330,368</u>
Long-term Liabilities	\$ 11,179,233	\$ 2,814,309	\$ 13,993,542	\$ 11,028,748	\$ 3,194,751	\$ 14,223,499
Other Liabilities	<u>63,655</u>	<u>47,314</u>	<u>110,969</u>	<u>60,120</u>	<u>66,527</u>	<u>126,647</u>
Total Liabilities	<u>\$ 11,242,888</u>	<u>\$ 2,861,623</u>	<u>\$ 14,104,511</u>	<u>\$ 11,088,868</u>	<u>\$ 3,261,278</u>	<u>\$ 14,350,146</u>
Net Assets:						
Invested in Capital Assets	\$ 441,532	\$ 2,230,371	\$ 2,671,903	\$ (1,157,857)	\$ 1,748,761	\$ 590,904
Restricted	195,657	-	195,657	185,229	-	185,229
Unrestricted	<u>6,773,825</u>	<u>2,322,748</u>	<u>9,096,573</u>	<u>7,585,460</u>	<u>2,618,629</u>	<u>10,204,089</u>
Total Net Assets	<u>\$ 7,411,014</u>	<u>\$ 4,553,119</u>	<u>\$ 11,964,133</u>	<u>\$ 6,612,832</u>	<u>\$ 4,367,390</u>	<u>\$ 10,980,222</u>

An additional portion of the Township's net assets, approximately two percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$9,107,001 may be used to meet the Township's ongoing obligations to citizens and creditors.

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At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Governmental activities: Governmental activities increased the Township's net assets by \$798,182, accounting for eighty-one percent of the total growth in the net assets of the Township.

	Governmental Activities	2006-2007 Business-Type Activities	Total	Governmental Activities	2005-2006 Business-Type Activities	Total
<b>Program Revenues</b>						
Charges for Services	\$ 34,468	\$ 702,862	\$ 737,330	\$ 33,559	\$ 598,906	\$ 632,465
Operating Grants and Contributions	11,245	-	11,245	814,514	-	814,514
Capital Grants and Contributions	-	-	-	-	-	-
<b>General Revenues</b>						
Taxes	1,744,139	-	1,744,139	1,608,469	-	1,608,469
State Shared Revenues	359,237	-	359,237	359,864	-	359,864
Franchise Fees	72,137	-	72,137	111,848	-	111,848
Unrestricted Investments						
Earnings	340,876	43,951	384,827	136,514	27,272	163,786
Miscellaneous	63,727	38,406	102,133	9,138	-	9,138
<b>Total Revenues</b>	<b>2,625,829</b>	<b>785,219</b>	<b>3,411,048</b>	<b>3,073,906</b>	<b>626,178</b>	<b>3,700,084</b>
<b>Program Expenses</b>						
Legislative	58,107	-	58,107	50,412	-	50,412
General Government	647,894	61,910	709,804	658,355	10,622	668,977
Public Safety	612,745	-	612,745	558,142	-	558,142
Public Works	39	537,579	537,618	20,925	460,476	481,401
Recreation and Cultural	72,479	-	72,479	96,215	-	96,215
Interest on Long-term Debt	436,383	-	436,383	308,086	-	308,086
<b>Total Expenses</b>	<b>1,827,647</b>	<b>599,489</b>	<b>2,427,136</b>	<b>1,692,135</b>	<b>471,098</b>	<b>2,163,233</b>
<b>Change in Net Assets</b>	<b>\$ 798,182</b>	<b>\$ 185,730</b>	<b>\$ 983,912</b>	<b>\$ 1,381,771</b>	<b>\$ 155,080</b>	<b>\$ 1,536,851</b>

Business-type activities: Business-type activities increased the Township's net assets by \$185,730, accounting for nineteen percent of the total growth in the Township's net assets. Key elements of this increase are as follows:

### Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$6,969,482, a decrease of \$801,208 in comparison with the prior year.

Approximately ninety-seven percent of the total amount, \$6,773,825, constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$451,545. Unreserved fund balance represents fifty-six percent of total general fund expenditures. The fund balance of the Township's general fund increased by \$52,808 during the current fiscal year. Key factors were as follows:

Proprietary funds: The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

## **Tobin & Co.**

Unrestricted net assets of the Enterprise Funds at the end of the year amounted to \$2,322,748. The total growth in net assets was \$185,730. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

### **Capital Asset and Debt Administration**

Capital assets: The Township's investment in capital assets for its governmental and business type activities as of March 31, 2007, amounts to \$16,637,495 (net of accumulated depreciation). This investment in capital assets includes: (land, purchase of development rights, building and improvements, sewer and water systems, machinery and equipment, park facilities, etc). The total increase in the Township's investment in capital assets for the current fiscal year was thirteen percent.

Major capital asset events during the current fiscal year included the following:

Details of the Township's capital assets are contained in the notes to the financial statements on page 24.

Long-term debt: At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$13,993,542. This debt is backed by the full faith and credit of the government.

Additional information on the Township's long-term debt can be found in the notes on pages 25 through 27.

### **Economic Factors and Next Year's Budgets**

Peninsula Township is in the beginning stages of a water system upgrade. Preliminary estimates for building a water storage tank to expand and improve the current water system are in progress. Financing for this project is expected to come from the State of Michigan Drinking Water Revolving Fund.

Peninsula Township current has a lawsuit pending. A zoning enforcement action is expected to have little or no economic impact on the Township.

Peninsula Township anticipates no major changes in next year's budgets.

### **Requests for Information**

This financial report is designed to provide a general overview of Peninsula Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David K. Weatherholt, Peninsula Township Treasurer, 13235 Center Road, Traverse City, MI 49686.

# Tobin & Co.

## Peninsula Township Statement of Net Assets March 31, 2007

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 6,864,635	\$ 810,975	\$ 7,675,610
Accounts Receivable	21,228	107,193	128,421
Taxes Receivable – Current	67,318	-	67,318
Special Assessments Receivable	-	1,369,120	1,369,120
Due from State	59,871	-	59,871
Due from Other Activities	-	69,626	69,626
Prepaid Expenditures	20,085	13,149	33,234
Capital Assets:			
Land	10,174,412	5,689	10,180,101
Other Capital Assets, Net of Depreciation	1,446,353	5,011,041	6,457,394
Intangible Assets, Net of Amortization	-	27,949	27,949
<b>Total Assets</b>	<b><u>18,653,902</u></b>	<b><u>7,414,742</u></b>	<b><u>26,068,644</u></b>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	20,466	47,314	67,780
Due to Other Activities	43,189	-	43,189
Long-term Liabilities, Net of Discounts:			
Due Within One Year	370,827	287,777	658,604
Due in More Than One Year	10,808,406	2,526,532	13,334,938
<b>Total Liabilities</b>	<b><u>11,242,888</u></b>	<b><u>2,861,623</u></b>	<b><u>14,104,511</u></b>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	441,532	2,230,371	2,671,903
Restricted	195,657	-	195,657
Unrestricted	6,773,825	2,322,748	9,096,573
<b>Total Net Assets</b>	<b><u>\$ 7,411,014</u></b>	<b><u>\$ 4,553,119</u></b>	<b><u>\$11,964,133</u></b>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Peninsula Township Statement of Activities March 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		Total
		Fees and Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Legislative	\$ 58,107	\$ -	\$ -	\$ (58,107)	\$ -	\$ (58,107)
General Government	647,894	34,468	-	(613,426)	-	(613,426)
Public Safety	612,745	-	-	(612,745)	-	(612,745)
Public Works	39	-	11,245	11,206	-	11,206
Recreation and Cultural	72,479	-	-	(72,479)	-	(72,479)
Interest on Long-term Debt	<u>436,383</u>	<u>-</u>	<u>-</u>	<u>(436,383)</u>	<u>-</u>	<u>(436,383)</u>
Total Governmental Activities	<u>1,827,647</u>	<u>34,468</u>	<u>11,245</u>	<u>(1,781,934)</u>	<u>-</u>	<u>(1,781,934)</u>
Business-type Activities:						
Tower Lease	61,910	52,300	-	-	(9,610)	(9,610)
Sewer and Water	485,901	593,372	-	-	107,471	107,471
Compactor Station	<u>51,678</u>	<u>57,190</u>	<u>-</u>	<u>-</u>	<u>5,512</u>	<u>5,512</u>
Total Business-type Activities	<u>599,489</u>	<u>702,862</u>	<u>-</u>	<u>-</u>	<u>103,373</u>	<u>103,373</u>
Total	<u>\$ 2,427,136</u>	<u>\$ 737,330</u>	<u>\$ 11,245</u>	<u>(1,781,934)</u>	<u>103,373</u>	<u>(1,678,561)</u>
General Revenues:						
Taxes				1,744,139	-	1,744,139
State Shared Revenues				359,237	-	359,237
Franchise Fees				72,137	-	72,137
Investment Earnings				340,876	43,951	384,827
Miscellaneous				<u>63,727</u>	<u>38,406</u>	<u>102,133</u>
Total General Revenues				<u>2,580,116</u>	<u>82,357</u>	<u>2,662,473</u>
Change in Net Assets				798,182	185,730	983,912
Net Assets – Beginning				<u>6,612,832</u>	<u>4,367,389</u>	<u>10,980,221</u>
Net Assets – Ending				<u>\$ 7,411,014</u>	<u>\$ 4,553,119</u>	<u>\$11,964,133</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Peninsula Township Balance Sheet Governmental Funds March 31, 2007

	General	Fire	Purchase of Development Rights	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 295,342	\$ 501,391	\$ 5,789,158	\$ 278,644	\$ 6,864,535
Petty Cash	100	-	-	-	100
Accounts Receivable	3,786	-	-	17,442	21,228
Taxes Receivable – Current	13,026	16,254	35,289	2,749	67,318
Due from State	59,871	-	-	-	59,871
Due from Other Funds	104,412	293	111,173	42,088	257,966
Prepaid Expenditures	17,696	2,361	-	28	20,085
Total	<u>\$ 494,233</u>	<u>\$ 520,299</u>	<u>\$ 5,935,620</u>	<u>\$ 340,951</u>	<u>7,291,103</u>
<u>Liabilities and Fund Equity</u>					
<u>Liabilities:</u>					
Accounts Payable	2,798	-	17,668	-	20,466
Due to Other Funds	39,890	92,865	54,447	113,953	301,155
Total	<u>42,688</u>	<u>92,865</u>	<u>72,115</u>	<u>113,953</u>	<u>321,621</u>
<u>Fund Equity:</u>					
Fund Balance -- Reserved	-	120,606	53,601	21,450	195,657
Fund Balance – Unreserved	451,545	306,828	5,809,904	205,548	6,773,825
Total	<u>451,545</u>	<u>427,434</u>	<u>5,863,505</u>	<u>226,998</u>	<u>6,969,482</u>
Total Liabilities and Fund Equity	<u>\$ 494,233</u>	<u>\$ 520,299</u>	<u>\$ 5,935,620</u>	<u>\$ 340,951</u>	

Amounts reported for governmental activities on the statement of net assets are different because:

Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.

11,620,765

Long-term liabilities do not use current financial resources and therefore are not reported in the funds.

(11,179,233)

Net assets of governmental activities.

\$ 7,411,014

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2007

	General	Fire	Purchase of Development Rights	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 336,817	\$ 437,673	\$ 903,028	\$ 66,621	\$ 1,744,139
Licenses and Permits	16,939	-	-	-	16,939
State Grants	359,237	-	-	11,245	370,482
Charges for Services	383	-	-	17,146	17,529
Interest and Rents	8,692	20,680	289,519	21,985	340,876
Other	6,436	12,425	-	106,153	125,014
Total	<u>728,504</u>	<u>470,778</u>	<u>1,192,547</u>	<u>223,150</u>	<u>2,614,979</u>
<b>Expenditures</b>					
Legislative	58,107	-	-	-	58,107
General Government	345,397	-	65,470	22,292	433,159
Public Safety	134,412	308,404	-	65,279	508,095
Public Works	-	-	-	39	39
Recreation and Culture	58,030	-	-	14,229	72,259
Other	200,628	-	-	-	200,628
Capital Outlay	12,599	192,256	1,643,765	-	1,848,620
Debt Service	-	-	400,481	385,649	786,130
Total	<u>809,173</u>	<u>500,660</u>	<u>2,109,716</u>	<u>487,488</u>	<u>3,907,037</u>
<b>Excess Revenues (Expenditures)</b>	<u>(80,669)</u>	<u>(29,882)</u>	<u>(917,169)</u>	<u>(264,338)</u>	<u>(1,292,058)</u>
<b>Other Financing Sources (Uses)</b>					
Bond Proceeds	-	-	480,000	-	480,000
Operating Transfers In	135,977	-	-	388,500	524,477
Operating Transfers (Out)	(2,500)	-	(386,000)	(125,127)	(513,627)
Total	<u>133,477</u>	<u>-</u>	<u>94,000</u>	<u>263,373</u>	<u>490,850</u>
<b>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</b>	<u>52,808</u>	<u>(29,882)</u>	<u>(823,169)</u>	<u>(965)</u>	<u>(801,208)</u>
Fund Balance – Beginning of Year	<u>398,737</u>	<u>457,316</u>	<u>6,686,674</u>	<u>227,963</u>	
Fund Balance – End of Year	<u>\$ 451,545</u>	<u>\$ 427,434</u>	<u>\$ 5,863,505</u>	<u>\$ 226,998</u>	

Amounts reported for governmental activities on the statement of activities are different because:

Bond proceeds are recorded as revenues in the governmental funds but as a liability in the statement of net assets.	(480,000)
Capital outlays are recorded as expenditures in the governmental funds, however, their costs are allocated through depreciation in the statement of activities. This is the amount by which capital outlays exceeded depreciation during the audit year.	1,729,643
Repayment of long-term debt is an expenditure in the governmental funds, however reduces liabilities in the statement of net assets and does not affect the statement of activities.	349,747
Change in net assets of governmental activities.	<u>\$ 798,182</u>

See Accompanying Notes to Basic Financial Statements



# Tobin & Co.

## Peninsula Township Statement of Net Assets Proprietary Funds -- All Enterprise Funds March 31, 2007

	Major Funds			Compactor Station Fund	Total
	Tower Fund	Sewer Fund	Water Fund		
<u>Assets</u>					
Cash in Bank	\$ 59,224	\$ 316,615	\$ 316,890	\$ 4,593	\$ 697,322
Petty Cash	-	-	-	75	75
Cash with Fiscal Agent	-	95,407	18,171	-	113,578
Accounts Receivable	-	102,074	5,119	-	107,193
Prepaid Expenses	-	-	11,463	1,686	13,149
Special Assessments Receivable	-	722,788	646,332	-	1,369,120
Due from Other Activities	-	82,752	203,610	-	286,362
Capital Assets:					
Land	-	-	-	5,689	5,689
Other Capital Assets, Net of Depreciation	169,107	2,778,187	2,063,747	-	5,011,041
Intangible Asset, Net of Amortization	-	4,345	973	-	5,318
Unearned Long-term Lease Income	22,631	-	-	-	22,631
Total Assets	<u>250,962</u>	<u>4,102,168</u>	<u>3,266,305</u>	<u>12,043</u>	<u>7,631,478</u>
<u>Liabilities and Net Assets</u>					
Liabilities:					
Accounts Payable	14,280	234	-	-	14,514
Due to Other Activities	-	131,137	85,599	-	216,736
Accrued Interest	-	15,026	17,774	-	32,800
Long-term Liabilities, Net of Discounts:					
Due Within One Year	18,521	180,065	89,191	-	287,777
Due in More Than One Year	-	1,282,833	1,243,699	-	2,526,532
Total Liabilities	<u>32,801</u>	<u>1,609,295</u>	<u>1,436,263</u>	<u>-</u>	<u>3,078,359</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	191,738	1,499,700	821,021	5,689	2,518,147
Unrestricted	26,423	993,173	1,009,021	6,354	2,034,972
Total Net Assets	<u>\$ 218,161</u>	<u>\$ 2,492,873</u>	<u>\$ 1,830,042</u>	<u>\$ 12,043</u>	<u>\$ 4,553,119</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds – All Enterprise Funds For the Year Ended March 31, 2007

	Major Funds			Compactor Station Fund	Total
	Tower Fund	Sewer Fund	Water Fund		
<u>Operating Revenues</u>					
Charges for Services:					
Fees	\$ -	\$ 145,709	\$ 148,904	\$ 57,190	\$ 351,803
Interest and Rents:					
Rent	52,300	-	-	-	52,300
Other:					
Special Assessments	-	101,929	31,830	-	133,759
Contributions	-	<u>112,500</u>	<u>52,500</u>	-	<u>165,000</u>
Total	<u>52,300</u>	<u>360,138</u>	<u>233,234</u>	<u>57,190</u>	<u>702,862</u>
<u>Operating Expenses</u>					
Wages and Per Diem	-	-	-	11,388	11,388
Payroll Taxes	-	-	-	849	849
Supplies	-	-	-	639	639
Contractual Services	40,439	98,085	171,467	33,687	343,678
Communications	-	-	-	276	276
Insurance	-	-	-	975	975
Utilities	-	-	-	626	626
Maintenance and Repairs	-	-	-	3,163	3,163
Amortization	-	1,426	777	-	2,203
Depreciation	10,621	70,516	45,622	75	126,834
Other	-	151	990	-	1,141
Debt Service Interest and Fees	-	<u>54,376</u>	<u>42,491</u>	-	<u>96,867</u>
Total	<u>51,060</u>	<u>224,554</u>	<u>261,347</u>	<u>51,678</u>	<u>588,639</u>
Operating Income (Loss)	<u>1,240</u>	<u>135,584</u>	<u>(28,113)</u>	<u>5,512</u>	<u>114,223</u>
<u>Other Income (Expenses)</u>					
Interest Income	5,974	19,325	18,531	121	43,951
Operating Transfers In (Out)	(10,850)	(12,000)	12,000	-	(10,850)
Miscellaneous	<u>38,406</u>	-	-	-	<u>38,406</u>
Total	<u>33,530</u>	<u>7,325</u>	<u>30,531</u>	<u>121</u>	<u>71,507</u>
Change in net Assets	34,770	142,909	2,418	5,633	185,730
<u>Net Assets – Beginning of Year</u>	<u>183,391</u>	<u>2,349,964</u>	<u>1,827,624</u>	<u>6,410</u>	<u>4,367,389</u>
<u>Net Assets – End of Year</u>	<u>\$ 218,161</u>	<u>\$ 2,492,873</u>	<u>\$ 1,830,042</u>	<u>\$ 12,043</u>	<u>\$ 4,553,119</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Peninsula Township Statement of Cash Flows Proprietary Funds – All Enterprise Funds For the Year Ended March 31, 2007

	Major Funds			Compactor Station Fund	Total
	Tower Fund	Sewer Fund	Water Fund		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 52,300	\$ 153,036	\$ 158,053	\$ 57,190	\$ 420,579
Interest on Special Assessments	-	101,929	31,830	-	133,759
Cash Payments to Employees and Suppliers	(40,439)	(98,070)	(183,920)	(52,718)	(375,147)
Operating Transfers	(10,850)	(12,000)	12,000	-	(10,850)
Interest Paid	-	(63,070)	(52,059)	-	(115,129)
Net Cash Provided (Used) by Operating Activities	<u>1,011</u>	<u>81,825</u>	<u>(34,096)</u>	<u>4,472</u>	<u>53,212</u>
Cash Flows from Investing Activities:					
Investment Earnings	5,973	19,325	18,531	121	43,950
Purchase of Capital Assets	-	-	(65,202)	-	(65,202)
Net Cash Provided (Used) by Investing Activities	<u>5,973</u>	<u>19,325</u>	<u>(46,671)</u>	<u>121</u>	<u>(21,252)</u>
Cash Flows from Financing Activities:					
Collection of Special Assessments	-	111,058	87,991	-	199,049
Principal Payments on Debt	(75,743)	(187,562)	(78,733)	-	(342,038)
Advances from (to) other activities	-	(28,168)	28,168	-	-
Net Cash Provided (Used) by Financing Activities	<u>(75,743)</u>	<u>(104,672)</u>	<u>37,426</u>	<u>-</u>	<u>(142,989)</u>
Net Increase (Decrease) in Cash	(68,759)	(3,522)	(43,341)	4,593	(111,029)
Cash – Beginning of Year	<u>127,983</u>	<u>415,544</u>	<u>378,402</u>	<u>75</u>	<u>922,004</u>
Cash – End of Year	<u>\$ 59,224</u>	<u>\$ 412,022</u>	<u>\$ 335,061</u>	<u>\$ 4,668</u>	<u>\$ 810,975</u>

### Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ (9,610)	\$ 123,584	\$ (16,113)	\$ 5,512	\$ 103,373
Depreciation and Amortization	10,621	71,942	46,399	75	129,037
Non-cash Contributions	-	(112,500)	(52,500)	-	(165,000)
(Increase) Decrease in Receivables	-	7,327	9,149	-	16,476
(Increase) Decrease in Prepaids	-	-	(11,463)	-	(11,463)
Increase (Decrease) in Accounts Payable	-	166	-	(1,115)	(949)
Increase (Decrease) in Accrued Interest	-	(8,694)	(9,568)	-	(18,262)
Total	<u>\$ 1,011</u>	<u>\$ 81,825</u>	<u>\$ (34,096)</u>	<u>\$ 4,472</u>	<u>\$ 53,212</u>

See Accompanying Notes to Basic Financial Statements

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# **Tobin & Co.**

## Peninsula Township Statement of Fiduciary Net Assets March 31, 2007

### Assets

Cash and Investments	\$ 465,206
Total Assets	<u>465,206</u>

### Liabilities

Undistributed Taxes and Interest	49,192
Due to Other Funds	18,230
Due to Library	384,248
Escrow Deposits	<u>13,536</u>
Total Liabilities	<u>465,206</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

# **Tobin & Co.**

Peninsula Township  
Notes to Financial Statements  
March 31, 2007

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

Peninsula Township is a general law township located in Grand Traverse County, Michigan. Population as of the 2000 census was 5,265, and the current taxable valuation of the year of audit was \$492,803,574.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

Sewer and Water System Operations – The Grand Traverse County Board of Public Works operates, maintains and administers the Township's sewage disposal and water systems. The original construction and subsequent extensions were administered by the County and financed in part through bonds backed by the full faith and credit pledges of the Township.

The County DPW collects all user fees which are remitted to the Township, accounts for direct and allocated operating expenses which are billed to and paid by the Township, remits debt payments and maintains capital project and debt service funds. The Township's administration reviews DPW operations on behalf of the Township, establishes special assessment districts, approves of construction expenditures, collects special assessment levies, which are remitted to the County for debt retirement, and maintains the special assessment rolls.

The arrangements between the County and Township were established to enable more favorable interest rates and borrowing limits and to achieve overall efficiency in operating these public services to the community. The County is acting as an agent for the Township and the Township retains significant control and responsibility over operations of the sewer and water systems.

### **B. Basis of Presentation**

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Fire Fund is the only major special revenue fund and is for the purpose of providing fire protection for Township residents and their assets.

# **Tobin & Co.**

Peninsula Township  
Notes to Financial Statements  
March 31, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

Debt Service Funds – These funds are used to account for special assessments and other resources to be used for the payment of interest and principal on long-term debt.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**C. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

**D. Budgets**

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer and Water Systems	50 - years
Land Improvements	20 - years
Buildings	40 - years
Building Improvements	25 - years
Towers	25 - years
Vehicles	10 - years
Office Furniture	10 - years
Equipment	5 - years

#### F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

#### G. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services occurring in subsequent fiscal years.

#### H. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating and			
Purchase of Development Rights	\$765,834,218	\$492,803,574	2.6401
Fire Protection	\$760,650,118	\$487,619,474	0.9000

#### I. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2007.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2007, the following activities overexpended their budget without formal Board amendment.

General Fund:	
Township Board	\$ 1,177
Treasurer	\$ 1,390
Capital Outlay	\$ 99
Operating Transfers Out	\$ 2,500
Dougherty House Fund	\$ 13,692
Road Fund	\$ 39

### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

#### A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.



# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

#### B. Types of Deposits and Investments

The Township had \$8,118,795 deposited with local financial institutions at March 31, 2007 with a carrying value of \$8,027,238. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$7,918,795 of uninsured deposits at March 31, 2007. In addition, the Township had \$113,578 on deposit through Grand Traverse County. The insured status of these deposits is unknown.

### NOTE 4 - RECEIVABLES

\$59,871 of accounts receivable of governmental activities represent State shared revenues for the audit year received in May 2007.  
\$17,442 of accounts receivable of governmental activities represent cablevision franchise royalties received within 60 days.  
\$107,193 of accounts receivable of business-type activities represents billed but uncollected sewer and water usage fees as of March 31, 2007.  
\$1,254,617 of business-type activities special assessments receivables are not due within one year.

### NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	<u>3/31/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/07</u>
Governmental Activities:				
Land and Development Rights	\$ 8,530,648	\$ 1,643,764	\$ -	\$10,174,412
Buildings and Improvements	353,594	-	-	353,594
Vehicles, Furniture and Equipment	<u>1,329,644</u>	<u>225,087</u>	-	<u>1,554,731</u>
Total	10,213,886	1,868,851	-	12,082,737
Less Accumulated Depreciation	<u>(342,995)</u>	<u>(118,977)</u>	-	<u>(461,972)</u>
Capital Assets, Net	<u>\$ 9,870,891</u>	<u>\$ 1,749,874</u>	<u>\$ -</u>	<u>\$11,620,765</u>
Business-type Activities:				
Land and Improvements	\$ 12,219	\$ -	\$ -	\$ 12,219
Tower	262,720	-	-	262,720
Equipment	36,800	-	-	36,800
Sewer and Water Projects	<u>5,677,754</u>	<u>230,203</u>	-	<u>5,907,957</u>
Total	5,989,493	230,203	-	6,219,696
Less Accumulated Depreciation	<u>(1,076,132)</u>	<u>(126,834)</u>	-	<u>(1,202,966)</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,913,361</u>	<u>\$ 103,369</u>	<u>\$ -</u>	<u>\$ 5,016,730</u>
Intangible Assets:				
Bond Origination Costs	\$ 41,917	\$ -	\$ -	\$ 41,917
Unearned Long-Term Lease	22,631	-	-	22,631
Less Accumulated Amortization	<u>(34,397)</u>	<u>(2,202)</u>	-	<u>(36,599)</u>
Intangible Assets, Net	<u>\$ 30,151</u>	<u>\$ (2,202)</u>	<u>\$ -</u>	<u>\$ 27,949</u>

# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end and other miscellaneous receivables/payables between funds.

Fund	Interfund Receivables
General Fund	\$ 104,412
Special Revenue Fund	126,233
Enterprise Fund	286,362
Trust and Agency Fund	-
Capital Project Fund	27,321
Total	<u>\$ 544,328</u>

Fund	Interfund Payables
General Fund	\$ 39,890
Special Revenue Fund	225,897
Enterprise Fund	216,736
Trust and Agency Fund	26,436
Capital Project Fund	35,369
Total	<u>\$ 544,328</u>

During the audit year the Cable Council Fund transferred \$110,000, the Capital Improvement Fund transferred \$15,127, and the Tower Fund transferred \$10,850, all to the General Fund. The General Fund transferred \$2,500 to the Dougherty House Fund. The Purchase of Development Rights Fund transferred \$386,000 to the Debt Service Fund to pay installment contracts.

### NOTE 7 - LONG-TERM DEBT

- A. Listed below are descriptions of the bond issues included in the Township business-type activities. The following schedule includes the bonds issued by the County on behalf of the Township to finance construction and extension of sewer and water systems to be retired through special assessments and usage and connections fees. Also listed below are bond issues and installment notes issued by the Township for purchase of development rights, a communications tower, and a vehicle.

Grand Traverse County Sewage Disposal System (Peninsula Township), 1990 Bond Issue dated 8/28/90, original issue amount \$2,157,336, interest rate 1.00%, interest due dates 4/1 and 10/1, principal due date 10/1.

Water Supply (Peninsula Township) 1990 Series Bond Issue dated 8/28/90, original issue amount of \$495,000, interest rates 6.25% - 8.25%, interest due dates 4/1 and 10/1, principal due date 10/1.

Sewage disposal system (Peninsula Township) 1991 Series Bond issue dated 5/1/91, original issue amount \$220,000. Interest rates 5.50% - 7.50%, interest due dates 4/1 and 10/1, principal due date 10/1.

Estimated portion of County Wastewater Treatment Plant 1995 Series Bond issue dated 4/1/95.

Portion of County Wastewater Treatment Plant Upgrade 2002 Series Bond issue dated 7/1/02.

Sewer and Water Projects (Acme, East Bay, and Peninsula Townships), 2003 Series Bond issue, dated 8/1/03, original issue amount \$1,129,290. Interest rates 2.25% - 5.00%, interest due dates 5/1 and 11/1, principal due date 11/1.

Sewer and Water Projects (Garfield and Peninsula Townships), 2004 Series Bond issue, dated 11/1/04, original issue amount \$1,008,000, interest rates 2.00% - 4.375%, interest due dates 5/1 and 11/1, principal due date 11/1.

Estimated contract payable to NPI, \$9,489 per year including interest at prime plus 2%.

Bonds payable for purchase of development rights, 2004 Series Bond issue dated 12/7/04, original issue amount \$5,000,000, interest rates 2.50% - 4.35%, interest due dates 5/1 and 11/1, principal due date 11/1.

Installment contracts payable for purchase of development rights, various origination dates. original amounts \$3,047,731, interest rates 5.375% - 5.700%, interest and principal due date 7/1.

Bonds payable for purchase of development rights, 2005 Series Bond issue dated 12/19/05, original issue amount \$4,965,000, interest rates 3.75% - 4.05%, interest due dates 5/1 and 11/1, principal due date 11/1.

Installment contract payable to purchase a vehicle, original amount \$20,232, payable \$1,439 quarterly including interest at 7.15%, collateralized by a vehicle.

# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 7 - LONG-TERM DEBT (Continued)

B. Changes in long-term debt are scheduled below:

#### Business Type Activities

	Balance 4/01/06	Additions	Retirements	Balance 3/31/07
Bond Payable:				
Grand Traverse County Sewage Disposal System (Peninsula Twp) 1990 Bonds	\$ 585,000	\$ -	\$ 130,000	\$ 455,000
Water Supply (Peninsula Twp) Bonds Series 1990	105,000	-	35,000	70,000
Sewage Disposal System (Peninsula Twp) Bond Series 1991	70,000	-	15,000	55,000
County Wastewater Treatment Plant Bond Series 1995 (Peninsula Twp. estimated portion)	38,186	-	3,568	34,618
County Wastewater Treatment Plant Bond Series 2002 (Peninsula Twp. estimated portion)	240,320	-	6,684	233,636
Sewer and Water Projects Bond Series 2003 (Peninsula Twp. portion)	1,045,576	-	46,042	999,534
Sewer and Water Projects Bond Series 2004 (Peninsula Twp. portion)	978,000	-	30,000	948,000
NPI Contract Payable	132,670	-	114,149	18,521
	<u>\$ 3,194,752</u>	<u>\$ -</u>	<u>\$ 380,443</u>	<u>\$ 2,814,309</u>

#### Governmental Activities

	Balance 4/01/06	Additions	Retirements	Balance 3/31/07
Long-term Debt:				
Purchase of Development Rights Bond Series 2004	\$ 4,960,000	\$ -	\$ 35,000	\$ 4,925,000
Purchase of Development Rights Installment Contracts	1,103,748	480,000	313,308	1,270,440
Purchase of Development Rights Bond Series 2005	4,965,000	-	-	4,965,000
Purchase of Vehicle	-	20,232	1,439	18,793
	<u>\$ 11,028,748</u>	<u>\$ 500,232</u>	<u>\$ 349,747</u>	<u>\$ 11,179,233</u>

# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 7 - LONG-TERM DEBT (Continued)

C. Debt service requirements to maturity:

<u>Years Ending</u> <u>March 31,</u>	<u>Enterprise Fund</u> <u>Sewage Disposal and</u> <u>Water System Bonds</u>		<u>Governmental Activities</u> <u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 287,777	\$ 107,060	\$ 370,827	\$ 455,953
2009	294,854	98,612	403,150	437,393
2010	260,059	89,295	466,403	417,489
2011	165,254	81,944	473,965	395,105
2012	111,058	76,843	517,309	377,730
2013	111,878	72,667	564,926	358,113
2014	117,261	68,315	617,653	336,037
2015	117,876	63,735	605,000	311,545
2016	123,464	59,087	665,000	287,720
2017	118,568	54,152	720,000	261,932
2018	138,369	49,140	785,000	234,583
2019	139,189	43,269	850,000	204,183
2020	144,195	37,253	920,000	170,638
2021	145,015	30,825	995,000	133,657
2022	150,021	24,269	1,070,000	92,683
2023	158,023	17,415	1,155,000	48,351
2024	153,690	10,478	-	-
2025	75,000	3,281	-	-
2026	2,758	-	-	-
	<u>\$ 2,814,309</u>	<u>\$ 987,640</u>	<u>\$11,179,233</u>	<u>\$ 4,523,112</u>

### NOTE 8 - RESERVED FUND BALANCE

Reserved fund balance of \$195,657 in the Governmental Funds represents \$120,606 for fire equipment, \$53,601 for purchase of development rights legal expenses and \$21,450 for cemetery perpetual care. Since these assets are not available for appropriation and expenditures at the balance sheet date, they are segregated in the financial statements presentation.

### NOTE 9 - RETIREMENT PLAN

The Township participates in a defined contribution pension plan for Michigan Township employees under contract with the John Hancock Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board resolutions.

#### A. Eligibility Requirements

1. Attained age of 18.
2. All elected officials and full-time non-seasonal employees.

#### B. Contributions

1. 13% of annual compensation funded entirely by the Township on an annual basis.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.
4. Eligible employees may make voluntary contributions through payroll withholdings in amounts ranging from one to ten percent of compensation.

#### C. Vesting

1. Contributions are vested to the employee after 20 months of service at 100%.

# **Tobin & Co.**

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 9 - RETIREMENT PLAN (Continued)

#### D. Plan Administration

I. The plan is administered by the Township Clerk.

During the audit year, the total contribution for the plan year was \$54,376. Covered payroll for the year was \$418,277 with total payroll for all employees of \$557,718. The plan was funded at the required contribution amount.

### NOTE 10- INVENTORIES

Peninsula Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expense at the time of purchase.

### NOTE 11- COMPENSATED ABSENCES

The Township's policy is to grant employees 5 leave days per year and employees are not allowed to carryover days to the next year. Consequently, there is no liability for accumulated unpaid leave.

Employees earn vacation leave benefits on their anniversary date, the amount of which is dependent on their length of employment. Benefits must be used within one year and cannot be carried over. Accordingly, all accrued vacation is recorded as a current liability in the applicable funds.

### NOTE 12- CONTINGENT LIABILITIES

Township management is aware of no contingent liabilities on the part of the Township.

### NOTE 13- JOINT VENTURE

Peninsula Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2010 and supplemented July 1, 1993, August 13, 1998, and March 31, 2003 with the City of Traverse City, the Townships of Garfield, East Bay, and Acme in Grand Traverse County, the Township of Elmwood in Leelanau County and with Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the Wastewater Treatment Plant. Grand Traverse County is the owner of the Treatment Plant and the City of Traverse City is the owner of all the multi-user facilities. Ownership of the Treatment Plant will revert to the City of Traverse City when certain bonds issued by the Grand Traverse County are retired.

The City of Traverse City is the exclusive manager of the plant for the benefit of itself and the Townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise the Townships as to the Treatment Plant's operations and the Townships shall have the right to comment on all matters connected with the administration of the plant. Prior to June 30, the City of Traverse City shall submit a proposed budget for the operations of the Treatment Plant for the year commencing July 1. The Townships have thirty days in which to comment on the proposed budget.

# Tobin & Co.

## Peninsula Township Notes to Financial Statements March 31, 2007

### NOTE 13- JOINT VENTURE (Continued)

Each of the parties of the agreement is entitled to make use of a portion of the Treatment Plant's capacity as follows:

<u>Party</u>	<u>Capacity Right</u>
City of Traverse City	62.45%
Garfield Township	14.37
East Bay Township	11.24
Elmwood Township	4.70
Acme Township	4.37
Peninsula Township	<u>2.87</u>
	<u>100%</u>

Each participant in the joint venture pays an amount sufficient to cover their pro rata share of the treatment plant costs. Each participant's pro rata share is determined by their volume of sewage treated in relation to total sewage treated at the plant.

The Township is also liable for a portion of the Treatment Plant's debt. A portion of the liability is fixed and a portion is determined on a biannual basis based upon the amount of the Township's flows through the Treatment Plant. The estimate of Peninsula Township's portion of Treatment Plant debt is included in long-term debt.

### NOTE 14- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2007

Schedule 1  
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 330,000	\$ 330,000	\$ 317,836	\$ (12,164)
Delinquent Taxes	-	-	14,026	14,026
Penalties and Interest on Taxes	5,500	5,500	4,955	(545)
Licenses and Permits:				
Permits and Fees	12,000	12,000	16,939	4,939
State Grants:				
State Shared Revenues	364,321	364,321	359,237	(5,084)
Charges for Services:				
Printed Materials	2,500	2,500	383	(2,117)
Interest and Rents:				
Interest	39,000	39,000	8,692	(30,308)
Other:				
Refunds and Rebates	-	-	3,402	3,402
Miscellaneous	-	-	3,034	3,034
<b>Total Revenues</b>	<b><u>753,321</u></b>	<b><u>753,321</u></b>	<b><u>728,504</u></b>	<b><u>(24,817)</u></b>
<u>Expenditures</u>				
Legislative:				
Township Board	<u>50,180</u>	<u>56,930</u>	<u>58,107</u>	<u>(1,177)</u>
<b>Total Legislative</b>	<b><u>50,180</u></b>	<b><u>56,930</u></b>	<b><u>58,107</u></b>	<b><u>(1,177)</u></b>
General Government:				
Supervisor	40,525	40,525	40,377	148
Executive Activities	53,210	53,210	52,612	598
Elections	29,150	26,150	24,252	1,898
Assessing	74,155	74,155	72,907	1,248
Clerk	65,680	65,680	63,089	2,591
Board of Review	4,415	4,415	1,983	2,432
Treasurer	64,270	64,270	65,660	(1,390)
Buildings and Grounds	14,175	14,175	14,037	138
Cemetery	<u>11,225</u>	<u>11,225</u>	<u>10,480</u>	<u>745</u>
<b>Total</b>	<b><u>356,805</u></b>	<b><u>353,805</u></b>	<b><u>345,397</u></b>	<b><u>8,408</u></b>
Public Safety:				
Planner	56,683	57,183	56,968	215
Planning Commission and Zoning Board of Appeals	60,730	59,280	44,165	15,115
Zoning Administrator	<u>26,130</u>	<u>36,830</u>	<u>33,279</u>	<u>3,551</u>
<b>Total</b>	<b><u>143,543</u></b>	<b><u>153,293</u></b>	<b><u>134,412</u></b>	<b><u>18,881</u></b>

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2007

Schedule 1  
Page 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Culture and Recreation:				
Parks	<u>72,370</u>	<u>60,870</u>	<u>58,030</u>	<u>2,840</u>
Total	<u>72,370</u>	<u>60,870</u>	<u>58,030</u>	<u>2,840</u>
Employee Benefits and Insurance	<u>226,491</u>	<u>214,991</u>	<u>200,628</u>	<u>14,363</u>
Capital Outlay	<u>3,000</u>	<u>12,500</u>	<u>12,599</u>	<u>(99)</u>
Total Expenditures	<u>852,389</u>	<u>852,389</u>	<u>809,173</u>	<u>43,216</u>
<u>Excess Revenues (Expenditures)</u>	<u>(99,068)</u>	<u>(99,068)</u>	<u>(80,669)</u>	<u>18,399</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	<u>110,855</u>	<u>110,855</u>	<u>135,977</u>	<u>25,122</u>
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>
Total	<u>110,855</u>	<u>110,855</u>	<u>133,477</u>	<u>22,622</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 11,787</u>	<u>\$ 11,787</u>	<u>52,808</u>	<u>\$ 41,021</u>
Fund Balance – Beginning of Year			<u>398,737</u>	
Fund Balance – End of Year			<u>\$ 451,545</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fire Fund For the Year Ended March 31, 2007

Schedule 2

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
<u>Revenues</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Taxes:				
Current Taxes	\$ 438,423	\$ 438,423	\$ 421,419	\$ (17,004)
Delinquent Taxes	-	-	16,254	16,254
Interest and Rents:				
Interest	13,400	13,400	20,680	7,280
Other:				
Sale of Capital Assets	5,000	5,000	11,750	6,750
Donations	-	-	425	425
Miscellaneous	<u>500</u>	<u>500</u>	<u>250</u>	<u>(250)</u>
Total	<u>457,323</u>	<u>457,323</u>	<u>470,778</u>	<u>13,455</u>
<u>Expenditures</u>				
Public Safety	295,581	295,581	243,572	52,009
Employee Benefits and Insurance	66,765	66,765	64,832	1,933
Capital Outlay	<u>206,000</u>	<u>206,000</u>	<u>192,256</u>	<u>13,744</u>
Total	<u>568,346</u>	<u>568,346</u>	<u>500,660</u>	<u>67,686</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (111,023)</u>	<u>\$ (111,023)</u>	<u>(29,882)</u>	<u>\$ 81,141</u>
Fund Balance – Beginning of Year			<u>457,316</u>	
Fund Balance – End of Year			<u>\$ 427,434</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Purchase of Development Rights Fund For the Year Ended March 31, 2007

Schedule 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 855,000	\$ 855,000	\$ 867,739	\$ 12,739
Delinquent Taxes	-	-	35,289	35,289
Federal Grants:				
Farm and Ranch Lands Protection	700,000	700,000	-	(700,000)
Interest and Rents:				
Interest	<u>35,000</u>	<u>35,000</u>	<u>289,519</u>	<u>254,519</u>
Total	<u>1,590,000</u>	<u>1,590,000</u>	<u>1,192,547</u>	<u>(397,453)</u>
<u>Expenditures</u>				
General Government	53,200	53,200	65,470	(12,270)
Capital Outlay	5,750,000	5,750,000	1,643,765	4,106,235
Debt Service	<u>400,000</u>	<u>400,000</u>	<u>400,481</u>	<u>(481)</u>
Total	<u>6,203,200</u>	<u>6,203,200</u>	<u>2,109,716</u>	<u>4,093,484</u>
<u>Excess Revenues (Expenditures)</u>	<u>(4,613,200)</u>	<u>(4,613,200)</u>	<u>(917,169)</u>	<u>3,696,031</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds of Installment Loan	-	-	480,000	480,000
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(372,000)</u>	<u>(386,000)</u>	<u>(386,000)</u>	<u>-</u>
Total	<u>(372,000)</u>	<u>(386,000)</u>	<u>94,000</u>	<u>480,000</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(1) <u>\$ (4,985,200)</u>	<u>\$ (4,999,200)</u>	<u>(823,169)</u>	<u>\$ 4,176,031</u>
Fund Balance – Beginning of Year			<u>6,686,674</u>	
Fund Balance – End of Year			<u>\$ 5,863,505</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Peninsula Township  
Combining Balance Sheet  
Non-Major Governmental Funds  
March 31, 2007

Schedule 4

	Special Revenue					
	Police Fund	Park Improvement Fund	Cemetery Fund	BATA/ Sr. Center Fund	Log Home Maintenance Fund	Dougherty House
<b>Assets</b>						
Cash and Cash Equivalents	\$ 52,448	\$ 1,951	\$ 17,229	\$ 28,326	\$ 2,952	\$ 21,088
Accounts Receivable	-	-	-	-	-	-
Taxes Receivable – Current	2,645	-	-	104	-	-
Due from Other Funds	2,349	-	-	1,173	-	-
Prepaid Expenses	-	-	28	-	-	-
<b>Total</b>	<b>\$ 57,442</b>	<b>\$ 1,951</b>	<b>\$ 17,257</b>	<b>\$ 29,603</b>	<b>\$ 2,952</b>	<b>\$ 21,088</b>
<b>Liabilities and Fund Equity</b>						
<b>Liabilities:</b>						
Due to Other Funds	7,766	-	-	350	-	-
<b>Total</b>	<b>7,766</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>-</b>
<b>Fund Equity:</b>						
Fund Balance – Reserved	-	-	21,450	-	-	-
Fund Balance – Unreserved	49,676	1,951	(4,193)	29,253	2,952	21,088
<b>Total</b>	<b>49,676</b>	<b>1,951</b>	<b>17,257</b>	<b>29,253</b>	<b>2,952</b>	<b>21,088</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 57,442</b>	<b>\$ 1,951</b>	<b>\$ 17,257</b>	<b>\$ 29,603</b>	<b>\$ 2,952</b>	<b>\$ 21,088</b>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

<u>Summer Tax Collection Fund</u>	<u>Roads Fund</u>	<u>Building Fund</u>	<u>Cable Council Fund</u>	<u>Debt Service PDR Debt Fund</u>	<u>Capital Project Capital Improvement Fund</u>	<u>Total</u>
\$ 56,935	\$ 6,606	\$ 2,230	\$ 78,795	\$ 10,052	\$ 32	\$ 278,644
-	-	-	17,442	-	-	17,442
-	-	-	-	-	-	2,749
-	11,245	-	-	-	27,321	42,088
-	-	-	-	-	-	28
<u>\$ 56,935</u>	<u>\$ 17,851</u>	<u>\$ 2,230</u>	<u>\$ 96,237</u>	<u>\$ 10,052</u>	<u>\$ 27,353</u>	<u>\$ 340,951</u>
25,475	1,900	-	43,094	-	35,368	113,953
25,475	1,900	-	43,094	-	35,368	113,953
-	-	-	-	-	-	21,450
31,460	15,951	2,230	53,143	10,052	(8,015)	205,548
31,460	15,951	2,230	53,143	10,052	(8,015)	226,998
<u>\$ 56,935</u>	<u>\$ 17,851</u>	<u>\$ 2,230</u>	<u>\$ 96,237</u>	<u>\$ 10,052</u>	<u>\$ 27,353</u>	<u>\$ 340,951</u>

# Tobin & Co.

Peninsula Township  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
March 31, 2007

Schedule 5

	<u>Special Revenue</u>					
	<u>Police Fund</u>	<u>Park Improvement Fund</u>	<u>Cemetery Fund</u>	<u>BATA/ Sr. Center Fund</u>	<u>Log Home Maintenance Fund</u>	<u>Dougherty House</u>
<u>Revenues</u>						
Property Taxes	\$ 66,517	\$ -	\$ -	\$ 104	\$ -	\$ -
Charges for Services	-	-	1,500	-	-	-
State Grants	-	-	-	-	-	-
Interest and Rents	1,539	75	1,104	1,354	124	1,233
Other	-	1,680	-	-	1,289	31,047
Total	<u>68,056</u>	<u>1,755</u>	<u>2,604</u>	<u>1,458</u>	<u>1,413</u>	<u>32,280</u>
<u>Expenditures</u>						
General Government	-	-	6,560	-	-	-
Public Safety	65,279	-	-	-	-	-
Public Works	-	-	-	-	-	-
Recreation and Culture	-	450	-	87	-	13,692
Debt Service	-	-	-	-	-	-
Total	<u>65,279</u>	<u>450</u>	<u>6,560</u>	<u>87</u>	<u>-</u>	<u>13,692</u>
<u>Excess Revenues (Expenditures)</u>	<u>2,777</u>	<u>1,305</u>	<u>(3,956)</u>	<u>1,371</u>	<u>1,413</u>	<u>18,588</u>
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In	-	-	-	-	-	2,500
Operating Transfers (Out)	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>2,777</u>	<u>1,305</u>	<u>(3,956)</u>	<u>1,371</u>	<u>1,413</u>	<u>21,088</u>
<u>Fund Balance – Beginning of Year</u>	<u>46,899</u>	<u>646</u>	<u>21,213</u>	<u>27,882</u>	<u>1,539</u>	<u>-</u>
<u>Fund Balance – End of Year</u>	<u>\$ 49,676</u>	<u>\$ 1,951</u>	<u>\$ 17,257</u>	<u>\$ 29,253</u>	<u>\$ 2,952</u>	<u>\$ 21,088</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Summer Tax Collection Fund	Roads Fund	Building Fund	Cable Council Fund	Debt Service PDR Debt Fund	Capital Project Capital Improvement Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,621
15,646	-	-	-	-	-	17,146
-	11,245	-	-	-	-	11,245
2,822	323	109	8,161	5,109	32	21,985
-	-	-	72,137	-	-	106,153
<u>18,468</u>	<u>11,568</u>	<u>109</u>	<u>80,298</u>	<u>5,109</u>	<u>32</u>	<u>223,150</u>
15,684	-	-	48	-	-	22,292
-	-	-	-	-	-	65,279
-	39	-	-	-	-	39
-	-	-	-	-	-	14,229
-	-	-	-	385,649	-	385,649
<u>15,684</u>	<u>39</u>	<u>-</u>	<u>48</u>	<u>385,649</u>	<u>-</u>	<u>487,488</u>
<u>2,784</u>	<u>11,529</u>	<u>109</u>	<u>80,250</u>	<u>(380,540)</u>	<u>32</u>	<u>(264,338)</u>
-	-	-	-	386,000	-	388,500
-	-	-	(110,000)	-	(15,127)	(125,127)
-	-	-	(110,000)	386,000	(15,127)	263,373
2,784	11,529	109	(29,750)	5,460	(15,095)	(965)
<u>28,676</u>	<u>4,422</u>	<u>2,121</u>	<u>82,893</u>	<u>4,592</u>	<u>7,080</u>	<u>227,963</u>
<u>\$ 31,460</u>	<u>\$ 15,951</u>	<u>\$ 2,230</u>	<u>\$ 53,143</u>	<u>\$ 10,052</u>	<u>\$ (8,015)</u>	<u>\$ 226,998</u>

# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Police Fund  
For the Year Ended March 31, 2007

Schedule 6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	-	-	63,872	63,872
Delinquent Taxes	-	-	2,645	2,645
Interest and Rents:				
Interest	<u>750</u>	<u>750</u>	<u>1,539</u>	<u>789</u>
Total	<u>750</u>	<u>750</u>	<u>68,056</u>	<u>67,306</u>
<u>Expenditures</u>				
Public Safety	<u>65,300</u>	<u>65,300</u>	<u>65,279</u>	<u>21</u>
Total	<u>65,300</u>	<u>65,300</u>	<u>65,279</u>	<u>21</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (64,550)</u>	<u>\$ (64,550)</u>	2,777	<u>\$ 67,327</u>
Fund Balance – Beginning of Year			<u>46,899</u>	
Fund Balance – End of Year			<u>\$ 49,676</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual  
Park Improvement Fund  
For the Year Ended March 31, 2007

Schedule 7

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	20	20	75	55
Other:				
Donations	3,500	3,500	255	(3,245)
Miscellaneous	-	-	1,425	1,425
Total	<u>3,520</u>	<u>3,520</u>	<u>1,755</u>	<u>(1,765)</u>
<u>Expenditures</u>				
Parks and Recreation	<u>3,000</u>	<u>3,000</u>	<u>450</u>	<u>2,550</u>
Total	<u>3,000</u>	<u>3,000</u>	<u>450</u>	<u>2,550</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 520</u>	<u>\$ 520</u>	1,305	<u>\$ 785</u>
Fund Balance -- Beginning of Year			<u>646</u>	
Fund Balance -- End of Year			<u>\$ 1,951</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Cemetery Fund  
For the Year Ended March 31, 2007

Schedule 8

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
Charges for Services:				
Lot Sales	\$ 1,000	\$ 1,000	\$ 1,500	\$ 500
Interest and Rents:				
Interest	<u>100</u>	<u>100</u>	<u>1,104</u>	<u>1,004</u>
Total	<u>1,100</u>	<u>1,100</u>	<u>2,604</u>	<u>1,504</u>
<u>Expenditures</u>				
General Government	4,625	5,125	6,560	(1,435)
Capital Outlay	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total	<u>6,125</u>	<u>6,625</u>	<u>6,560</u>	<u>65</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (5,025)</u>	<u>\$ (5,525)</u>	<u>(3,956)</u>	<u>\$ 1,569</u>
Fund Balance – Beginning of Year			<u>21,213</u>	
Fund Balance – End of Year			<u>\$ 17,257</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
BATA/Senior Center Fund  
For the Year Ended March 31, 2007

Schedule 9

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Delinquent Taxes	\$ -	\$ -	\$ 104	104
Interest and Rents:				
Interest	<u>500</u>	<u>500</u>	<u>1,354</u>	<u>854</u>
Total	<u>500</u>	<u>500</u>	<u>1,458</u>	<u>958</u>
<u>Expenditures</u>				
Cultural and Recreation	<u>10,185</u>	<u>10,185</u>	<u>87</u>	<u>10,098</u>
Total	<u>10,185</u>	<u>10,185</u>	<u>87</u>	<u>10,098</u>
Excess Revenues (Expenditures)	(1)	\$ (9,685)	\$ (9,685)	1,371
Fund Balance – Beginning of Year			<u>27,882</u>	
Fund Balance – End of Year			<u>\$ 29,253</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements

# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Log Home Maintenance Fund  
For the Year Ended March 31, 2007

Schedule 10

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
Interest and Rents:				
Interest	\$ 20	\$ 20	\$ 124	\$ 104
Other:				
Donations	<u>1,000</u>	<u>1,000</u>	<u>1,289</u>	<u>289</u>
Total	<u>1,020</u>	<u>1,020</u>	<u>1,413</u>	<u>393</u>
<u>Expenditures</u>				
Cultural and Recreation	3,000	3,000	-	3,000
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (1,980)</u>	<u>\$ (1,980)</u>	1,413	<u>\$ 3,393</u>
Fund Balance – Beginning of Year			<u>1,539</u>	
Fund Balance – End of Year			<u>\$ 2,952</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Dougherty House Fund For the Year Ended March 31, 2007

Schedule 11

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 1,233	\$ 1,233
Other:				
Donations	-	-	31,047	31,047
Total	-	-	32,280	32,280
<u>Expenditures</u>				
Cultural and Recreation	-	-	13,692	13,692
Total	-	-	13,692	13,692
<u>Excess Revenues (Expenditures)</u>	-	-	18,588	18,588
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	2,500	2,500
Operating Transfers (Out)	-	-	-	-
Total	-	-	2,500	2,500
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ -	\$ -	21,088	\$ 21,088
Fund Balance – Beginning of Year			-	
Fund Balance – End of Year			\$ 21,088	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Peninsula Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Summer Tax Collection Fund For the Year Ended March 31, 2007

Schedule 12

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services:				
Tax Collection	\$ 14,000	\$ 14,000	\$ 15,646	\$ 1,646
Interest and Rents:				
Interest	<u>800</u>	<u>800</u>	<u>2,822</u>	<u>2,022</u>
Total	<u>14,800</u>	<u>14,800</u>	<u>18,468</u>	<u>3,668</u>
<u>Expenditures</u>				
General Government	14,160	14,160	14,624	(464)
Employee Benefits and Insurance	2,225	2,225	1,060	1,165
Capital Outlay	<u>550</u>	<u>550</u>	<u>-</u>	<u>550</u>
Total	<u>16,935</u>	<u>16,935</u>	<u>15,684</u>	<u>1,251</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (2,135)</u>	<u>\$ (2,135)</u>	2,784	<u>\$ 4,919</u>
Fund Balance – Beginning of Year			<u>28,676</u>	
Fund Balance – End of Year			<u>\$ 31,460</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Roads Fund  
For the Year Ended March 31, 2007

Schedule 13

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Grants:				
Metro Act	\$ -	\$ -	\$ 11,245	\$ 11,245
Interest and Rents:				
Interest	<u>500</u>	<u>500</u>	<u>323</u>	<u>(177)</u>
Total	<u>500</u>	<u>500</u>	<u>11,568</u>	<u>11,068</u>
<u>Expenditures</u>				
Public Works	<u>-</u>	<u>-</u>	<u>39</u>	<u>(39)</u>
Total	<u>-</u>	<u>-</u>	<u>39</u>	<u>(39)</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 500</u>	<u>\$ 500</u>	11,529	<u>\$ 11,029</u>
Fund Balance – Beginning of Year			<u>4,422</u>	
Fund Balance – End of Year			<u>\$ 15,951</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual  
Building Fund  
For the Year Ended March 31, 2007

Schedule 14

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 109	\$ 109
Total	-	-	109	109
<u>Expenditures</u>	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	\$ -	\$ -	109	\$ 109
<u>Fund Balance -- Beginning of Year</u>			2,121	
<u>Fund Balance -- End of Year</u>			\$ 2,230	

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Cable Council Fund  
For the Year Ended March 31, 2007

Schedule 15

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
Interest and Rents:				
Interest	\$ 2,300	\$ 2,300	\$ 2,661	\$ 361
Rent	-	-	5,500	5,500
Other:				
Fees	75,000	75,000	72,137	(2,863)
Total	77,300	77,300	80,298	2,998
<b><u>Expenditures</u></b>				
General Government	1,321	1,321	48	1,273
Total	1,321	1,321	48	1,273
<b><u>Excess Revenues (Expenditures)</u></b>	<b>75,979</b>	<b>75,979</b>	<b>80,250</b>	<b>4,271</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(85,000)	(85,000)	(110,000)	(25,000)
Total	(85,000)	(85,000)	(100,000)	(25,000)
<b><u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u></b>	(1) \$ (9,021)	\$ (9,021)	(29,750)	\$ (20,729)
Fund Balance – Beginning of Year			82,893	
Fund Balance – End of Year			<u>\$ 53,143</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Peninsula Township 2006 Property Tax Levy and Collections For the Year Ended March 31, 2007

Schedule 16

	Millage Rate	Adjusted Levy	Collected	Returned Delinquent
County	(1) 6.1681	\$ 3,037,934	\$ 2,944,147	\$ 93,787
State Education	6.0000	2,948,475	2,884,499	63,976
School District	21.1000	4,017,623	3,902,571	115,052
Intermediate School District	2.9421	1,449,123	1,414,401	34,722
Community College	2.9138	1,435,027	1,389,852	45,175
District Library	1.1029	543,303	521,943	21,360
BATA	0.3317	163,372	156,968	6,404
Township:				
Operating and Purchase of Development Rights	2.6401	1,300,608	1,249,451	51,157
Fire Protection	(2) 0.9000	437,668	421,414	16,254
Special Assessments		37,268	31,989	5,279
Sewer and Water Usage		<u>2,840</u>	<u>1,040</u>	<u>1,800</u>
Total		<u>\$ 15,373,241</u>	<u>\$ 14,918,275</u>	<u>\$ 454,966</u>

Percent of Levy Collected 97.04%

(1) Includes Commission on Aging (.4890 mill) and Medical Care Facility (.6737 mill) voted levy.

(2) Levied on real property only.

The Notes to the Basic Financial Statements are an integral part of this statement.